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SUBJECT: FOREIGN PURCHASE OF REAL ESTATE IN MONTENEGRO (C-RE7-00522)

¶1. (U) Summary: Foreigners, mainly Serbs, own 1.39% of all land, and 8.5% of all condominiums, in Montenegro. Among foreigners, Russians are second in condo ownership, but fourth in land ownership. Current law in Montenegro allows foreigners to buy realty with few restrictions. End summary.

¶2. (U) The Directorate for Real Estate within the Ministry of Finance has reported on the amount of land and number of condominiums owned by foreigners in Montenegro. Foreigners own a total of 19,210 hectares of land in Montenegro, or 1.393% of the total. They own condominiums aggregating in total 1,529,000 square meters, or 8.499% of the total in Montenegro. Over 90% of the property is owned by "natural" as opposed to "legal" persons, i.e., by humans, not companies.

¶3. (U) Top five countries by ownership are:

Land

.		% of foreign land	% of Montenegro
Serbia	15,936 ha	85.02%	1.156%
Bosnia	1,721 ha	9.58%	0.125%
Croatia	533 ha	2.96%	0.039%
Russia	292 ha	1.52%	0.021%
Slovenia	259 ha	1.21%	0.019%

Condominiums

.		% of foreign	% of Montenegro
Serbia	1,100,746 m2	73.99%	6.12%
Russia	131,621 m2	9.11%	0.73%
Bosnia	98,907 m2	7.00%	0.55%
UK	52,328 m2	2.58%	0.29%
Slovenia	48,969 m2	1.56%	0.27%

The number of actual owners is unavailable. Montenegrin dwellings advertised to foreign buyers tend to be larger than average, around 120 to 200 m2 (and up). Additionally, property acquired by foreigners through privatization of state-owned firms (e.g., KAP) is not included in the Directorate's current report. The Directorate told post June 14 that they are revising and expanding their data collection, and will finish an update later this summer.

¶4. (U) Comment: Generally, foreigners can acquire real estate on reciprocal terms; i.e., on the same legal basis for Montenegrins seeking to acquire realty in a given foreign state. Some Montenegrins have advocated restricting the ability of foreigners to buy real estate in Montenegro, often in response to the latest media story of "Foreigners (often "Russians") buying up all of Montenegro." The data does not indicate who is currently buying land. Presumably, many of the Serbs and other regional owners have had their Montenegrin properties for some time.

BARNES